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STATUTORILY IMPOSED VICARIOUS PARENTAL LIABILITY

TO: ALL PROPERTY AND CASUALTY INSURERS

The Louisiana Department of Insurance (Department) has received inquiries concerning the insertion of a "Special Limits of Liability" clause in the "Conditions" section of Homeowner's policies. These insertions are ostensibly placed in the policy to limit the liability of the insuring company as a consequence of the parents' vicarious liability resulting from acts of their minor children.

Concerns have been raised that the insertions are being made without the knowledge of the insured, thereby exposing him/her to unforeseen financial loss. The Department views the clause as detrimental to the citizens of this state and potentially a violation of public policy.

The first step in the review process is to determine the scope of the problem. Therefore, all admitted Property and Casualty companies authorized to underwrite homeowner's coverage in this state are **hereby directed** to submit a copy of their most recent policy and any/all endorsements, disclaimers, riders or other attachments wherein this limitation of liability is addressed, incorporated or otherwise made a part of any policy issued in this state. The pertinent clause information is to be highlighted for the benefit of Department policy review personnel and sent to the attention of Barry E. Ward in the Legal Division.

You are invited to include with your submittal any questions, comments or information to support your use of the clause. If you have revised your rates as a result of lowering your exposure on the risk, please include that information.

The information is to be received by the Department on or before JANUARY 15, 2000. Following our review of the policy information, a public hearing will be scheduled and all interested parties will be allowed to present their views on the subject.

JAMES H. "JIM" BROWN
Commissioner of Insurance